



## Washington State Gambling Commission

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Judge Janice Niemi (Ret.)

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# Card Room Connection

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## **Gambling Commission Asset Forfeiture Case is Successful**

Director Rick Day recently accepted a check for \$11,000 on behalf of the Gambling Commission from Charles Mandigo, Special Agent in Charge of the FBI in Seattle. The check represents the Commission's share of seized assets from a joint investigation that was conducted in Spokane in 1999-2000.



In this case, an investigation by a WSGC Special Investigations agent uncovered a major bookmaking operation involving organized crime spreading across

the United States and beyond. The case involved a former Mafia informant who set up a computerized bookmaking operation in a Spokane espresso business that never brewed a drop. The operation employed 15 bookies that processed at least \$100,000 a week in bets in Spokane with over 360 active bettors who were given code names to call in their bets. In addition, it had ties to East Coast bookies.

The kingpin in Spokane, **Nicholas Mitola Jr.**, pled guilty in **federal** court and received a prison sentence along with several associates. Additional ongoing investigations may lead to Washington State charges being filed against bettors and other persons involved. During the service of search warrants, a large sum of cash was seized. It was processed in the federal system by the Asset Forfeiture and Money Laundering section of the United States Department of Justice. Although a portion did get returned, the remainder was seized under law. The Gambling Commission was awarded the \$11,000 check as a sharing partner with the FBI.



### **WSGC's Mission:**

**Protect the public by ensuring that gambling is  
legal and honest.**

## Mandatory Training Review

Did you find the WSGC card room training class you attended helpful? Were the topics covered relevant to your job duties? We are interested in hearing your comments on our Training Program, which began in 1988.

During the past several months, a Committee of agency staff have been looking at ways to make licensee training more effective and accessible. The Committee will be examining the curriculum offered for all licensed activities. As part of the review, the Committee will be discussing whether to continue making training a pre-licensing mandatory requirement. We have had success using mandatory training to gain voluntary compliance through education; however, we feel the same goal can be achieved using new approaches.

Based on input received from card room employees and operators, the card room class was changed in April 2002. The new format has reduced the training from two hours to one hour. Current training now focuses on impacts of regulatory and criminal violations, especially those which appear most often in administrative cases and Notice of Violation and Settlement (NOVAS) citations. The responsibility for training the technical aspects of the job, such as dealing, surveillance, cage requirements, etc. is now up to card room management, rather than the Commission.



The card room training program is still under review by the Committee and additional changes may occur in the fall. One option the Committee is considering is turning over the training materials from the current one-hour class, to the management of each card room. If this new system is put into place, card room operators currently licensed will be trained by their WSGC field agent on the material they will be responsible for passing along to their card room employees. New card room owners/management will be trained by adding information from the instructor led classes into the Pre-operation Review and Evaluation (P.O.R.E.). Card room owners/management will satisfy the mandatory training requirement during a P.O.R.E. Each card room would then be required to train card room employees on regulatory and criminal violations. Documentation that training took place would be required in each card room employee's application packet. If this change in training is adopted, there will be no card room training offered by the Commission.

Please forward your comments or suggestions about the training program to Cindy Reed at (253) 471-5312, ext. 238 or via e-mail at [cindyr@wsgc.wa.gov](mailto:cindyr@wsgc.wa.gov).



## Welcome to Commissioner Niemi



On February 5, 2002, Governor **Locke** appointed Janice Niemi to the Gambling Commission. She will complete the unexpired portion of former Commissioner Marshall Forrest's term. She will then start her full six-year term, which will end June 30, 2008.

Commissioner Niemi's career before retirement was varied and includes:

- Service in the Federal Government as a Foreign Service Staffer and Deputy General Counsel of the Small Business Administration;
- Elected to the Washington State Legislature as a House member from 1983 to 1987 and Senator from 1987 to 1994;
- Various positions as a District Court Judge from 1971 to 1973, judge pro tem and Superior Court Judge from 1973 to 1978, and 1995 to 2000 when she retired.

Commissioner Niemi began her duties at the February 2002, Commission meeting. She looks forward to the Gambling Commission as another new and interesting assignment.

## A Letter to Card Room Operators

Neal Nunamaker, Agent in Charge  
Licensing Investigations



Our Legal Department has processed many cases based on criminal history information disclosures. Following is a letter recently sent to all card room operators in an effort to help them comply with the disclosure requirements. We are reprinting the letter here as a reminder to all our licensees who require an individual gambling license for any workers, staff or executive board officers.

Dear Card Room Operator:

Your most important responsibility is making decisions about hiring card room employees to work in your business. Laws and rules clearly state it is your job to ensure that potential employees who may not qualify for licensing are prevented from working in your gambling business prior to being licensed by the Gambling Commission.

As **owner/officer** of a licensed establishment, it is your responsibility to review an applicant's Criminal History Statement for adverse information that could preclude them from being issued a gambling license in Washington State. RCW 9.46.075, 9.46.158, and WAC 230-04-400 should be your guide in determining whether you allow a card room employee to work prior to receiving a license from the Commission.

Here are examples of disqualifying criminal history information that would prevent an applicant from working prior to licensing:

- A felony conviction
- A gambling related conviction
- Current, active court supervision (probation, deferral)
- Current or pending prosecution for a crime
- Probation Violations
- Outstanding arrest warrants
- Extensive criminal history or pattern of criminal or traffic violations
- Previous revocation or denial of license application by the Gambling commission or *other regulatory* agency.

RCW 9.46.158 states that an operator shall not knowingly permit an applicant or licensee with criminal history to work in the management or operation of any gambling activity regulated by the commission without prior approval. Failure to meet this obligation could result in suspension or revocation of your gambling *license(s)*. Compliance with these rules will help you avoid unnecessary delays and expense in hiring individuals that do not meet licensing requirements.

The Commission is aware there are instances when an applicant does not fully disclose their criminal history to you on the criminal history statement. Although the card room operator would not be in violation in this instance, failure of an applicant to disclose criminal history is also sufficient grounds for denial of their card room employee license. This further complicates your hiring process.

Please take a close look at the information submitted by applicants on their criminal history statement, and take time to discuss it with them. Discussion should include the applicant's complete disclosure of all charges regardless of how serious any charge was, when it occurred, or the final disposition (not guilty, deferred, dismissed, etc). We recommend prior to performing this review process with applicants that you become familiar with the licensing criteria contained in RCW 9.46.075 and WAC 230-04-400.

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*(Continued from page 3)*

A **good** working awareness of the **statutes** and rules will assist you in making proper decisions an **allowing** card room employee **applicants** to work.

If you terminate a card **room** applicant **before** they receive a license, please **notify** Licensing Technician Supervisor Dawn Warren at **(360) 486-3546** so we can focus our **efforts** on processing applicants you still want to hire.

If you have questions about your potential employee, please **contact** the **Licensing** Operations Division at **(360) 488-3570**.

## 2002 Legislative Session

The following bills passed and were signed by Governor Locke. They became effective on June 13, 2002.

**Cheating Bill:** Senate Bill 5064 allows up to a \$20,000 fine as the penalty for cheating. First Degree Cheating was reduced from a Class B to Class C felony.

**Fingerprint Bill:** Senate Bill 6491 was a joint agency-request bill for the Gambling Commission and the Liquor Control Board regarding criminal background checks. The amendment clarifies the Commission's ability to perform fingerprinting and National Criminal History background checks on applicants for a gambling license. The new law requires the Commission to identify which persons named on an application are subject to the National Criminal History Background Checks. Therefore, WAC 230-04-180 will be amended to clarify which applicants are subject to the background checks. We anticipate the amended rule will be adopted at the August 9, 2002, Commission meeting. This will not impose any additional requirements on applications.

**Electronic Benefit Cards Bill:** Substitute House Bill 2767 (copy on page 21) prevents Electronic Benefits Transfer cards, which are for public assistance and food stamps, from being used for gambling purposes. See the next article for more information about this new law.



## Alert from the Department of Social and Health Services

It is now illegal for public assistance clients to use an Electronic Benefits Transfer (EBT) card to gamble. ~~Licenses~~ regulated by the Gambling, Lottery and Horse Racing Commissions are prohibited from allowing the use of public assistance EBT cards for gambling.

On July 1, 2002, the Department of Social and Health Services (DSHS) provided a notice in eight languages (English, Cambodian, Laotian, Vietnamese, Chinese, Korean, Russian, and Spanish) to clients receiving their cash grants on an EBT card.

If you are a licensee offering gambling activities, you are required to report any violations of this law to DSHS. Des Boucher, from the Electronic Benefits Transfer Project, has been designated as the person responsible for taking and investigating the reports. His ~~number~~ is **(360) 413-3347**.

If you have any questions about this new law, please contact Renia Neuhauser of DSHS at (360) 413-3309.

## Newsletter Changes

### Message from your new editor: Susan Arland

We want to hear your comments about this Newsletter. Do you find it helpful? Could it contain other information that you would find helpful? Please contact me at 1-800-345-2529, ext. 3466 or at [Susan.Arland@wsdc.wa.gov](mailto:Susan.Arland@wsdc.wa.gov) and let me know your comments.



Part of our efforts to economize due to the budget challenges addressed in Director Day's message on page 7 involve the agency's newsletters.

We will continue to issue the Card Room Connection twice a year. However, beginning with the next newsletter, we will be

distributing the Card Room Connection directly to card rooms, rather than sending copies to each card room employee. We ask that each card room make the newsletter available to their card room employees.

In 1998, six editions of the WSGC Focus on Gambling newsletter were distributed to all licensees (a total of 36,000 copies for the year) for a cost of \$29,000. In 1999, distribution of the six editions increased to a total 51,000 copies for the year, for a cost of \$32,000.

In an effort to reduce growing newsletter costs, the Card Room Connection was introduced in 2000. This newsletter targets the growing card room industry and provides information that we feel is relevant to your industry, rather than all gambling activities. The Focus on Gambling Newsletter continues to be distributed to all licensees, except for card room employees.

In 2000, the Card Room Connection reduced the yearly cost to publish both newsletters to \$25,800. In 2001, the combined cost for the Focus on Gambling and the Card Room Connection newsletters were \$20,500.

I would like to take this opportunity to thank Cindy Reed for her outstanding job as Newsletter Editor for the past decade. Cindy is now working as a Special Agent in our Tacoma Field Office. Cindy was dedicated to writing and soliciting articles that were most relevant for both the Card Room Connection and the Focus on Gambling Newsletters. She is also responsible for the idea and development of the Card Room Connection, which not only saves agency funds, but brings you relevant information for your job.

Cindy leaves big shoes to fill and I will do my best to live up to the high standards she has set for our agency's two licensee newsletters. Please join me in thanking Cindy for her years of hard work on our newsletters and wish her success in her new duties as Kitsap County's Field Agent.



## Card Room Operators are Required to Report Loans

It is an old **and** sometimes forgotten rule, but it is an **important rule**.

WAC 230-12-305(4) requires all applicants and licensees, except those with individual licenses (card room employees, etc.), to report **and submit** documents **to the Commission for all** new loans **received from sources** other than a recognized **financial institution** which **individually or collectively** exceed a total of \$2,000 during any calendar year.

For the purposes of WAC 230-12-305(4), a **financial institution** is a federal or state chartered lending institution that is federally insured and regulated and examined by a financial institution regulatory agency of the state or federal government.

What this means is that loans received from owners, partners, members, or stockholders must be disclosed.

The new or updated **documents** shall be submitted **to the Commission** by notation on the **next** quarterly **activity** report filed, **and** by attaching all **details** concerning **each transaction**.

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Licensees which are not required to submit quarterly activity reports shall submit the required information no later than sixty days following the transaction(s) date.

All supporting documents should be submitted when reporting the loan. Information shall include, at a minimum, the loan amount, name of the person or institution who loaned you the money, date of the loan, and terms of the loan.

Following is a quiz to help you in identify when loans should be reported to the Commission:

Are you required to report receiving a loan of:	<u>Yes</u>	<u>No</u>
1. \$8,500 from your brother?	<input type="checkbox"/>	<input type="checkbox"/>
2. \$2,500 from the Bank of North America?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. \$10,000 from the Legal Financial Services Corp?	<input type="checkbox"/>	<input type="checkbox"/>
4. \$25,000 from Acme Bank of America?	<input type="checkbox"/>	<input type="checkbox"/>
5. \$5,000 from a stockholder?	<input type="checkbox"/>	<input type="checkbox"/>

If you answered, "yes" to 1, 3, and 5; and "no" to 2 and 4, then you are correct. Your brother, the Legal Financial Services Corp., and a stockholder do not qualify as a recognized financial institution.

Please do not hesitate to call the Licensing Investigations at (800) 345-2529 ext. 3559, if you have questions on when to report a loan.



## Budget Information from Director Day

The mission of the Washington State Gambling Commission is to protect the public by ensuring that gambling is legal and honest. The Commission is delegated the sole authority to license and regulate authorized social gambling activities and tribal gaming activities pursuant to tribal/state compacts. The agency is also directed to control unauthorized gambling activities. These responsibilities are accomplished through the administration of a statewide regulation and control program in cooperation with all other law enforcement agencies.

The agency has been implementing reduction, efficiency, and reorganization decisions necessary in reaction to the legislative reduction of \$2.45 million from the Commission's fund balance, a projected revenue shortfall caused by fewer house-banked card rooms (HBCR) than were originally projected when the program was first implemented, and by an error in projections of card room employee licensing revenue.

The primary focus was to accommodate the reductions while maintaining the Commission's regulatory activity. The agency recognized that freezing the hiring of staff and freezing equipment purchases did little over the long term. In fact, decisions like postponing technology investments could actually increase the agency's costs. Such cuts achieve a one-time benefit and can actually damage long-term agency efficiencies. The agency also recognized that any effort to eliminate agent positions and line services would directly affect the Commission's ability to provide the services that have been paid for by our licensees, and services expected by the public.

Ultimately, the decision was made to direct the cut at the agency's management level. The agency has undertaken measures to realign various duties, responsibilities and positions to create an efficient organizational structure designed to prepare the agency for the future. (See page 2 for current organizational chart.) In support of the agency reductions, the Commissioners also cancelled the September 2002, Commission Meeting.

Other specific reduction actions taken included:

❖ Eliminating resources for unrealized house-banked card room growth (17 positions)	\$ 874,000
❖ Reorganization of operational duties (3 positions)	\$ 241,000
❖ Eliminate Council on Problem Gambling Contract	\$ 150,000
❖ Reduce six management positions	\$ 377,000
❖ Manage operations to achieve 2.5 percent vacancy rate	\$ 177,000
❖ Defer Information Technology initiatives	\$ 127,000
<b>Total Reduced</b>	<b>\$1,946,000</b>

The Commission's budget plan for Fiscal Year 2003 reduces expenditures by almost \$2.45 million. The budget being developed for the 2003-2005 Biennium will be approximately \$28.7 million, which is more than \$1.4 million below the budget authorized by the Commission for the current biennium.

At this point, licensees should not see a direct impact to licensing or field services. However, the reduction of the September 2002, Commission meeting may cause some delays or scheduling complications. The agency is continuing to look for efficiencies and ways to streamline service delivery, and as these concepts are identified and implemented, licensees may experience some future impacts.

The Commission is continuing to work with staff from the Office of Financial Management and appropriate Legislative representatives to prevent future fund transfers from the Gambling Commission Revolving Fund. As we guide the agency through this difficult period, we remain committed to being a premier gambling regulatory agency committed to sustaining a principled, fair and consistent regulatory environment.





## ADMINISTRATIVE CASE UPDATE

LICENSEE	VIOLATION	CASE OUTCOME
Brent Slattum	Criminal history.	The applicant agreed to withdraw his application, and not reapply until after November 2003.
Douglas Wingert	Criminal history	A statement of charges was issued for the denial of Mr Wingert's application for a license. The applicant failed to timely request a hearing; therefore, an Order of Default was entered by the Commissioners at the February Commission meeting, denying Mr Wingert's application.
Phally Lay (CRE, formerly employed at Goldie's Shoreline in Shoreline, Funsters in SeaTac, and Café Arizona in Federal Way).	Cheating while playing <b>blackjack</b> at Wizard's Casino, and violating the terms of her conditional license.	A statement of charges for the revocation of Ms. Lay's license was issued. The licensee failed to timely request a hearing; therefore, an Order of Default was entered by the Commissioners at the February Commission meeting revoking her license.
Gus Routs. (CRE, formerly employed at Royal Club, Kent).	Criminal history	The licensee agreed to surrender his license, and not reapply until after August 2003.
Allen Barney (CRE formerly employed at Hawk's Prairie Casino, Lacey).	Criminal history.	The licensee agreed to surrender his license, and not reapply until after December 2003.
Sina Ratnajun (CRE, Freddie's Club, Renton).	Criminal history	The licensee agreed to surrender her license, and not reapply until after February 2003.
John Kessler, (CRE, formerly employed at Silver Dollar Casinos, Tukwila and SeaTac)	Criminal history, and failure to disclose criminal history.	The licensee agreed to surrender his license, and not reapply until his current probation, which is scheduled to end in August 2002, is complete.
Donald Spier (CRE, formerly employed at Royal Club in Renton, and Silver Dollar Casino in SeaTac).	Criminal history, and failure to disclose criminal history	The licensee agreed to surrender his license, and not reapply until his current probation, which is scheduled to end in November 2002, is complete.
Dalon Howard, (CRE, formerly employed at Silver Dollar Casino, SeaTac)	Criminal history, and failure to disclose criminal history.	The licensee agreed to surrender his license, and not reapply until his current probation, which is scheduled to end in July 2002, is completed
Lo Sing Saelee, (CRE, formerly employed at Freddie's Club Casino, Renton)	Criminal history, and failure to disclose criminal history.	Following an administrative hearing, the Administrative Law Judge revoked Mr Saelee's license. Mr. Saelee did not appeal.
Timothy Jordan, (CRE, formerly employed at Thunderbird Casino, Yakima)	Criminal history, and failure to disclose criminal history.	Criminal history, and failure to disclose criminal history. Administratively closed.
Wizard's Restaurant, Burien	Failure to disclose \$250,000 in loans.	The licensee <b>agreed</b> to a three-day <b>suspension</b> . One day of the suspension was deferred for one year. The remaining two days were vacated by payment of \$1,000. The licensee also agreed to reimburse the Commission for its investigative and administrative costs in the amount of \$5,700.
Aba Daba Café, Lakewood Sung Bae Kim, CRE/Owner (Aba Daba Café)	Unauthorized transfer of license, extension of credit, undisclosed loans, running a 50/50 game.	Prior to hearing staff discovered that Mr Kim's license had expired, and he had sold his interest in Aba Daba Café. Therefore, the case was <b>administratively closed</b> .



LICENSEE	VIOLATION	CASE OUTCOME
Silver Dollar Casinos (Tukwila, Tacoma, SeaTac, Mountlake Terrace); Applicants: Golden Nugget Casino (Shoreline), Hideaway (Tukwila), TBI Land LLC (Renton).	<b>house-banked card rooms without first obtaining the required service supplier licenses, and failing to maintain accounting records.</b>	These seven cases were consolidated. The licensees/applicants agreed to a thirty-day suspension. Twenty-seven days of the suspension were deferred for one year. The remaining three days were vacated by payment of \$245,560, which represents three days' average daily card room net win for all four Silver Dollar Casinos. The licensees/applicants also agreed to reimburse the Commission for its investigative and administrative costs in the amount of \$8,640. The licensee and applicants have also agreed to hire a Compliance Officer and Chief Financial Officer, which they believe will help maintain compliance with existing gambling laws and Commission rules.
Sidney's Restaurant & Sports Bar, Aberdeen	Failure to disclose loans.	The licensee agreed to a three-day suspension. One day of the suspension was deferred for one year. The remaining two days were vacated by payment of a \$473 fine. The licensee also agreed to reimburse the Commission for its investigative and administrative costs in the amount of \$1,620.
Sidney's Restaurant & Sports Bar, Aberdeen	Internal control violations related to the operation of its house-banked card room.	The licensee agreed to a fifteen-day suspension. Fourteen days of the suspension were deferred for one year. The remaining day was vacated by reimbursement of the Commission's investigative and administrative costs in the amount of \$2,490. The licensee also agreed to pay the cost of a follow-up investigation.
Paradise Village Bowl Restaurant, Tacoma	<b>Failure to make weekly deposits to its progressive jackpot amount.</b>	The licensee agreed to a fifteen-day suspension. Ten days of the suspension were deferred for one year. <b>The remaining five days were vacated by</b> payment of a \$20,881 fine. The licensee agreed to reimburse the Commission for its investigative and administrative costs in the amount of \$735.
11 <sup>th</sup> Frame Restaurant & Lounge, Spokane	Allowing a Card Room Employee to work with an expired license.	Since this is the licensee's second violation in a twelve-month period, it agreed to a two-day suspension, vacated by payment of \$15,043, which represents its net win for two days. The licensee also agreed to reimburse the Commission for its investigative and administrative costs in the amount of \$840.
11 <sup>th</sup> Frame Restaurant & Lounge, Kenmore	Allowing a Card Room Employee to work with an expired license.	The licensee agreed to a one-day suspension, which was vacated by a \$500 fine. The licensee also agreed to reimburse the Commission for its investigative and administrative costs in the amount of \$585.
Annie Fannie's Casino, Spokane	Allowing CREs to work without first submitting transfer applications	The licensee agreed to serve a two-day suspension.

## What's New on our Web Site



### Commission Meeting Agendas

Approximately two weeks prior to each Commission meeting, the meeting agenda is posted on our **website**

under Public Meetings. Linked to the agenda are the following documents:

- List of licenses up for approval
- Reviews (such as nonprofit qualification, manufacturer, financial, etc.)
- Text of proposed rule changes (click on WAC #)
- Explanation of each proposed rule change (click on rule header)

For your convenience, we will be creating an e-mail distribution list to notify you that the meeting agenda is posted on the **website**. This way you don't need to check the **website** as often to see if the agenda is posted.

If you would like to be included on the new e-mail distribution list, please e-mail Carol Becerra at [carolb@wsgc.wa.gov](mailto:carolb@wsgc.wa.gov) or you may call her at (360) 486-3464.



### New Statistics are now posted on the Web Site

Kathy Mills, Financial Reporting Supervisor

The 4th quarter statistical report is now posted! If you enter [www.wsgc.wa.gov/docs/stats/stat01-4.pdf](http://www.wsgc.wa.gov/docs/stats/stat01-4.pdf), it will take you directly to the statistical report for the quarter ending December 31, 2001.

If this link does not work for you, you may access the report by going to our **homepage** ([www.wsgc.wa.gov](http://www.wsgc.wa.gov)) and click on License Info, Reports, and Statistics (on the left side of the screen ... three icons down). Scroll down the page to click on Licensed Operators' Activity Statistics (under Statistics), and then click on the December 31, 2001 quarterly report.

We appreciate your feedback to help us to make the reports even better or more useful. If you have information you would like included, please contact me at (360) 486-3473 or by e-mail at [kathym@wsgc.wa.gov](mailto:kathym@wsgc.wa.gov).



### Rule Making on the Web Site

A new page has been created on the **website** called All About Rules. In addition to gambling rules and laws, this page contains information about the agency's rule making process, such as

- The agency's new Rules Team;
- A list of rules that the Rules Team is considering for possible amendment;
- An index of rules that have been amended since your September 2001 Rules Manual was published; and
- Dates and locations of public hearings held to discuss possible rule changes and the rules that *will* be discussed at the meetings.



## Web Site Hits

We recently developed some statistics about visitors to our web site.

In the month of December 2001, our site had 78,901 hits for an average of 2,545 per day. The top 10 topics viewed were:

- License Search (status checks for license applications in process);
- License Information and Statistics (including quarterly reports);
- Employment opportunities with the Gambling Commission;
- Links to other web sites;
- Card room information;
- License application forms;
- Commission meeting dates/minutes from meetings;
- Gambling laws and rules;
- Tribal Casino information; and
- Unlicensed Activities.

Many visitors to the site make inquiries requiring a staff response. We have been tracking our responses since 1999 by categories to ensure that the information we post on the site is meeting the public's needs. Of the 980 inquiries/responses we have tracked, the top 4 categories are:

- Card rooms (171),
- Licensing questions (160),
- Tribal casino related (128), and
- Raffles (111).

If you have any ideas for items you would like to see included on the site, please contact Susan Arland at (360) 486-3466 or [Susana@wsgc.wa.gov](mailto:Susana@wsgc.wa.gov).



## Upcoming Commission Meetings

<b>August 8 &amp; 9</b>	<b>Shilo Inn 707 Ocean Shores Blvd NW Ocean Shores. WA 98569-9593</b>	<b>(360) 289-4600</b>
<b>September</b>	<b>No meeting</b>	
<b>October 10 &amp; 11</b>	<b>WestCoast Grand Hotel at The Park 303 W North River Road Spokane. WA 99202</b>	<b>(509) 326-8000</b>
<b>November 14 &amp; 15</b>	<b>DoubleTree Guest Suites Southcenter 16500 Southcenter Parkway Seattle, WA 98199</b>	<b>(206) 575-8220</b>
<b>December</b>	<b>No meeting</b>	

## Promotions Rules Package Adopted at the May 2002 Commission Meeting

**GAMBLING PROMOTIONS - These rules became effective July 1, 2002.**

There has been a general prohibition against licensees giving credit, loans or gifts to persons participating in gambling activities. Over the years, the commission has granted specific exceptions to this general prohibition. Last year, gambling promotions were discussed at several commission meetings and more requests for exceptions were under consideration. As such, staff felt it was an appropriate time to address all promotions, rather than continuing to make exceptions to the general prohibition.

Therefore, during the last year, staff have discussed gambling promotions with all licensees. There were some disagreements with the proposed rules, such as the \$500 limit on promotional items. However, the Commission felt the monetary limit was required as a part of the agency's regulatory program. This rules package sets forth the parameters licensees must follow when offering promotions in conjunction with gambling activities; therefore, staff will no longer need to review individual promotions.

## Rule **Up** for Final Action at the August Commission Meeting

**PETITION FOR RULE CHANGE TO POKER RULES  
SUBMITTED BY SHERRY GILLARD.**

A petition for rule change from Sherry Gillard was filed at the May commission meeting. Ms. Gillard is a licensed card room employee and poker player and has requested an amendment to WAC 230-40-610(6).

Currently, WAC 230-40-610 requires card room owners and **on-duty** card room employees that are playing in a poker game with a player-supported jackpot to show their hands at the end of play when the prize is not based upon a predetermined hand. This requirement prevents an owner or employee from folding their hand to avoid paying out a jackpot, which did occur.

Ms. Gillard is requesting a rule amendment so that card room owners and **on-duty** card room employees no longer have to show their cards unless there is possibility of a "bad beat" situation. Ms. Gillard feels that requiring owners and on-duty employees to show their cards after each game compromises their playing style and ability to effectively participate in a game. Staff supports Ms. Gillard's request for rule change.

We anticipate this amendment will be adopted at the August 9, 2002, Commission **meeting**, to become effective January 1, 2003.

The Promotions for Gambling Activities rules are  
included on pages 13 - 19.

The new Electronic Benefits Card Law, referenced in the  
articles on page four, is included on page 21.



NEW SECTION**WAC 230-12-045 Promotions for gambling activities—Conditions—Restrictions.**

Licensees may conduct promotions connected with authorized gambling activities under the following conditions and restrictions:

**Definitions.**

(1) **Gambling promotions** are directly connected to a gambling activity. A promotion may offer cash, merchandise, **and/or** discounted coupons to encourage a player to begin or continue play in a gambling activity.

(2) **Promotional contests of chance** are defined in RCW 9.46.0356. These contests are designed for a **business** to advertise or promote its goods, **wares**, merchandise, or **services**. These contests must be open to all customers and there must always be a free method of entry.

**Conditions.**

(3) The following conditions apply to promotions:

(a) All players must have an equal opportunity to participate;

(b) A promotion may provide an initial opportunity to engage in a gambling activity for free or at a discount; and

(c) All rules or restrictions governing the promotions shall be conspicuously displayed in the gaming area and referred to on any promotional coupon or advertisement.

**Restrictions.**

(4) The following restrictions apply to promotions:

(a) Any promotion offered to an individual player shall not exceed five hundred dollars in actual cost, per item;

(b) Promotions shall not consist of schemes in which the prize or end result is an additional opportunity to engage in a gambling activity regulated by the Washington state gambling commission; and

(c) Gambling activities and related promotions shall not be combined in any way with promotional contests of chance, as defined in RCW 9.46.0356.



AMENDATORY SECTION

**WAC 230-12-050 Extension of credit, loans, or gifts prohibited—Limited exception.** No licensee, member or employee thereof shall extend credit, make a loan, or grant a gift to any person playing in an authorized gambling activity, or which enables a person to play in an authorized gambling activity.

**Gifts prohibited - Exceptions.**

(1) ~~Gifts~~ are items licensees give away to its customers and are not connected to gambling activities regulated by the commission. Licensees shall not offer gifts in conjunction with gambling activities, with the following exceptions:

(a) Promotions are allowed as authorized by WAC 230-12-045;

(b) Free or discounted food, drink or merchandise may be provided under the following conditions:

(i) The actual cost of any individual item may not exceed five hundred dollars;

(ii) The merchandise shall not be traded back to the licensee for cash or be used to further participate in an authorized gambling activity;

(c) For each individual gift with an actual cost over one hundred dollars, charitable and nonprofit organizations shall prepare and maintain a written record with the following information:

(i) How the recipients of the gifts were selected;

(ii) The number of gifts awarded; and

(iii) The total cost of each gift given.

**Credit and loans prohibited - Exceptions.**

(2) The consideration required to participate in the gambling activity shall be collected in full, by cash, check, or electronic point-of-sale bank transfer, prior to participation(~~(:—Provided, That this prohibition shall not apply to the following situations))~~), with the following exceptions:

**Punch boardstpull-tabs.**

((1)) (a) The consideration paid for the opportunity to play a punch board or pull-tab series may be collected immediately after the play is completed only when such consideration is ten dollars or less;

**Charitable/nonprofit organization's billing system for members.**

((2)) (b) When a bona fide charitable or bona fide nonprofit organization conducting any of the activities authorized by chapter 9.46 RCW or commission rules has a regular billing system for all of the activities of its members with such organization, such billing system may be utilized in connection with the playing of any of the activities authorized hereunder if:

((a)) (i) The playing of such activity is limited to regular members of such organization who have become regular members prior to the commencement of such activity and whose qualifications for membership were not dependent upon, or in any way related to, the playing of such activity; and

((b)) (ii) The ((commission)) director has given ((its)) prior written consent to the use of such billing system in connection with the conduct of activities authorized under these rules.

**Raffle tickets purchased with credit cards.**

((3)) (c) Charitable or nonprofit organizations utilizing credit cards, issued by a state and/or federally regulated financial institution, for payment to participate in raffles((&

**Promotional gifts.****(4) Promotional gifts detailed below:**

~~(a) The providing of free or discounted food, drink, or merchandise to card players at a public card room;~~

~~(b) Promotional activities conducted as a part of bingo games and authorized by WAC 230-20-125;~~

~~(c) Performances as authorized by WAC 230-20-111;~~

~~(d) Free play for card playing as authorized by WAC 230-40-050(7);~~

~~(e) "Free roll" or customer appreciation tournaments as authorized by WAC 230-40-055(2);~~

and

~~(f) Promotional game cards meeting the standards of WAC 230-46-070(1).~~

**Food and drink to bingo players.**

~~(5) Free or discounted food or nonalcoholic drink to bingo players)).~~



REPEALERS

The following sections of the Washington Administrative Code are repealed:

- |                |  |
|----------------|--|
| WAC 230-02-145 | Promotional marketing gifts.   |
| WAC 230-20-111 | Promotional activities--Performances as gifts--Advance <b>approval</b> required. |
| WAC 230-20-125 | Discounts and promotional gifts--Authorized--Limits.                             |
| WAC 230-20-230 | Free games for winners--Restrictions.  |
| WAC 230-40-897 | Card game promotions--Procedures--Restrictions.                                  |



AMENDATORY SECTION

**WAC 230-40-800 Operating rules for house-banked card games.** Licensees that operate house-banked card games shall establish rules and procedures governing each specific house-banked card game played at their premises. The following restrictions and procedures apply:

(1) House-banked card games shall not be operated prior to approval as set forth in WAC 230-40-010;

(2) All house-banked card games shall be dealt from a dealing shoe or an approved shuffling device;

(3) The licensee shall submit all rules governing the game to commission staff for approval. All requests shall be in writing and include at least the following:

(a) Rules of play, including those specified by the manufacturer or supplier;

(b) Any administrative or accounting controls applicable to specific games;

(c) All specifications provided by the equipment manufacturer or supplier applicable to gaming equipment utilized in the game;

(d) Physical characteristics of the following:

(i) Cards (including procedures for receipt and storage);

(ii) Gaming chips used to play the game;

(iii) All gaming tables and layouts;

(iv) Dealing shoes;

(v) Card shuffling devices;

(vi) Card peeking devices;

(vii) Bill changer devices; and

(viii) Such other equipment as may be required for use in otherwise authorized games;

(4) Rules for each authorized game, shall include at least the following:

(a) Procedures of play;

(b) Minimum and maximum permissible wagers;

(c) Shuffling, cutting, and dealing techniques, as applicable;

(d) Dealer take and pay procedures;

(e) Payout odds on each form of wager, including any factors affecting payments to the player, such as maximum player or aggregate prize restrictions; and

(f) Procedures to be followed on occurrence of irregularities, including examples of irregularities applicable to each game;

(5) A summary of playing procedures and rules of play for each game shall be visibly displayed in the gaming area. If the procedures or restrictions are game specific, they shall be displayed at each gaming table at which the game is played((;

~~(6) Full details on all promotions, schemes or other means used to promote card games~~

~~operated in card rooms which offer house-banked card games must be submitted to commission staff and be approved prior to implementing)).~~





***Electronic Benefits Card Law passed during the 2002 Legislative Session***

Note: ONLY SECTIONS 2 & 3 AMEND RCW 9.46 The Gambling Act  
Sections 1, 4 & 5 Amend Public. Assistance, Horse Racing and Lottery Statutes

NEW SECTION. **Sec. 1.** A new section is added to chapter 74.08 RCW to read as follows:

(1) Any person receiving public assistance is prohibited **from** using electronic benefit cards or cash obtained with electronic benefit cards:

(a) For the purpose of participating in any of the activities authorized under chapter 9.46 RCW;

(b) For the purpose of parimutuel wagering authorized under chapter 67.16 RCW; or

(c) To purchase lottery tickets or shares authorized under chapter 67.70 RCW.

**(2)(a)** The department shall notify, in writing, all recipients of electronic benefit cards that any violation of subsection (1) of this p. 1 SHB 2767.SL

section could result in legal proceedings and forfeiture of all cash public assistance.

(b) Whenever the department receives notice that a person has violated subsection (1) of this section, the department shall notify the person in writing that the violation could result in legal proceedings and forfeiture of all cash public assistance.

(c) The department shall assign a protective payee to the person receiving public assistance who violates subsection (1) of this section.

NEW SECTION. **Sec. 2.** A new section is added to chapter **9.46** RCW to read as follows:

(1) Any licensee authorized under this chapter is prohibited from allowing the use of public assistance electronic benefit cards for the purpose of participating in any of the activities authorized under this chapter.

**(2)** Any licensee authorized under this chapter shall report to the department of social and health services any known violations of section 1 of this act.

NEW SECTION. **Sec. 3.** A new section is added to chapter **9.46** RCW to read as follows:

The commission shall consider the provisions of section 2 of this act as elements to be negotiated with federally recognized Indian tribes as provided in RCW **9.46.360.23**

NEW SECTION. **Sec. 4.** A new section is added to chapter 67.16 RCW to read as follows:

(1) Any licensee authorized under this chapter is prohibited **from** allowing the use of public assistance electronic benefit cards for the purpose of parimutuel wagering authorized under this chapter.

(2) Any licensee authorized under this chapter shall report to the department of social and health services any known violations of section 1 of this act.

NEW SECTION. **Sec. 5.** A new section is added to chapter 67.70 RCW to read as follows:

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(1) Any licensee authorized under this chapter is prohibited from allowing the use of public assistance electronic benefit cards to purchase lottery tickets or shares authorized under this chapter.

(2) Any licensee authorized under this chapter shall report to the department of social and health services any known violations **of section 1 of this act.**

Effective June 13, 2002



CARD ROOM STATISTICS BY COUNTY  
FOR THE QUARTER ENDED MARCH 31, 2002

<u>COUNTY</u>	<u>NUMBER OF LICENSES*</u>	<u>GROSS RECEIPTS</u>	<u>PRIZES PAID</u>	<u>NET RECEIPTS</u>	<u>EXPENSES</u>	<u>NET INCOME</u>
ADAMS	0	\$0	\$0	\$0	\$0	\$0
ASOTIN	1	369,328	0	369,328	209,984	159,344
BENTON	4	2,256,156	0	2,256,156	1,897,145	359,011
CHELAN	0	0	0	0	0	0
CLALLAM	1	3,396	0	3,396	1,375	2,021
CLARK	4	7,639,991	0	7,639,991	4,722,785	2,917,206
COLUMBIA	0	0	0	0	0	0
COWLITZ	2	1,257,250	26,000	1,231,250	1,062,457	168,793
DOUGLAS	1	801,911	0	801,911	518,495	283,416
FERRY	0	0	0	0	0	0
FRANKLIN	2	1,052,803	0	1,052,803	1,081,893	-29,090
GARFIELD	0	0	0	0	0	0
GRANT	2	419,778	0	419,778	256,067	163,711
GRAYS HARBOR	2	261,504	0	261,504	285,022	-23,518
ISLAND	1	7,422	0	7,422	5,076	2,346
JEFFERSON	1	4,828	0	4,828	2,189	2,639
KING	26	25,442,753	329,605	25,113,148	20,358,577	4,754,571
KITSAP	4	1,565,479	1,300	1,564,179	1,124,379	439,800
KITTITAS	1	287,060	0	287,060	153,872	133,188
Klickitat	1	9,997	0	9,997	7,193	2,804
LEWIS	2	117,412	0	117,412	130,340	-12,928
LINCOLN	0	0	0	0	0	0
MASON	1	201,736	0	201,736	191,199	10,537
OKANOGAN	1	854	0	854	119	735
PACIFIC	1	30,362	0	30,362	29,094	1,268
PEND OREILLE	0	0	0	0	0	0
PIERCE	10	8,066,564	36,662	8,029,902	5,960,932	2,068,970
SAN JUAN	0	0	0	0	0	0
SKAGIT	1	87,513	6,990	80,523	68,814	11,709
SKAMANIA	0	0	0	0	0	0
SNOHOMISH	7	7,411,702	90,825	7,320,877	5,601,159	1,719,718
SPOKANE	8	3,911,066	31,990	3,879,076	2,843,599	1,035,477
STEVENS	0	0	0	0	0	0
THURSTON	2	925,154	0	925,154	731,483	193,671
WAHIAKUM	0	0	0	0	0	0
WALLA WALLA	1	31,948	3,260	28,688	33,467	-4,779
WHATCOM	4	772,069	8,206	763,863	495,162	268,701
WHITMAN	0	0	0	0	0	0
YAKIMA	4	1,458,849	0	1,458,849	1,004,506	454,343
TOTAL	<u>95</u>	<u>\$64,394,885</u>	<u>\$534,838</u>	<u>\$63,860,047</u>	<u>\$48,776,383</u>	<u>\$15,083,664</u>

\* Only includes licenses reporting activity.



**Cardroom Statistics**  
**Ranked Listing by Gross Receipts**  
**For the Quarter Ended March 31,2002**

NAME	COUNTY	GROSS RECEIPTS	PRIZES	NET RECEIPTS	WAGES	OTHER EXPENSES	NET INCOME	NI%
Freddie's Club	King	2,887,644	37,146	2,850,498	716,926	634,147	1,210,661	41.9%
Silver Dollar Casino/Tacoma	Pierce	2,618,079	1,100	2,616,979	629,376	1,044,423	651,868	24.9%
Jimmy G's Casino/Restaurant	Pierce	2,396,580	13,000	2,383,580	538,072	540,795	967,045	40.4%
New Phoenix	Clark	2,314,677	0	2,314,677	961,250	620,417	501,542	21.7%
Silver Dollar Casino	Snohomish	1,978,554	2,460	1,976,094	508,211	976,466	333,209	16.8%
Last Frontier	Clark	1,963,196	0	1,963,196	513,063	426,273	827,540	42.2%
Palace	Clark	1,708,672	0	1,708,672	388,328	314,547	834,930	48.9%
Skyway Park Bowl Rest/Lounge	King	1,677,666	0	1,677,666	600,763	445,579	446,781	26.6%
Silver Dollar Casino/Seatac	King	1,673,707	128,720	1,544,987	478,971	828,563	82,804	4.9%
Double Down Saloon	Clark	1,653,446	0	1,653,446	428,157	306,750	753,194	45.6%
Freddie's Club Casino/Auburn	King	1,639,480	23,026	1,616,454	494,892	526,968	397,856	24.3%
Drift On Inn/Restaurant	King	1,610,710	22,345	1,588,365	774,775	277,675	359,837	22.3%
Goldie's Shoreline Casino	King	1,516,572	0	1,516,572	465,342	894,831	-15,180	-1.0%
Riverside Casino	King	1,495,852	0	1,495,852	571,487	569,907	204,873	13.7%
Big Al's Casino	Snohomish	1,490,865	0	1,490,865	560,593	613,072	160,833	10.8%
Royal Casino	Snohomish	1,434,372	0	1,434,372	419,088	218,490	653,357	45.6%
Freddie's Club Casino/Everett	Snohomish	1,434,071	0	1,434,071	507,217	496,483	287,163	20.0%
Parker's Sports Bar & Casino	King	1,352,145	13,660	1,338,485	392,890	541,302	275,660	20.4%
Rascals Casino & Restaurant	King	1,271,553	0	1,271,553	531,604	431,368	168,710	13.3%
Silver Dollar Casino/Tukwila	King	1,264,145	2,100	1,262,045	440,560	620,076	75,061	5.9%
11th Frame Restaurant & Lounge	King	1,235,996	3,900	1,232,096	382,634	155,656	556,862	45.1%
Pj Pockets	King	1,180,875	15,600	1,165,275	388,463	210,865	329,772	27.9%
Funsters Grand Casino	King	1,156,090	16,000	1,140,090	506,674	298,362	232,359	20.1%
Diamond Lil's	King	1,096,395	10,014	1,086,381	485,991	334,324	156,426	14.3%
Players Casino Sports Club	King	1,060,150	8,185	1,051,965	404,391	273,200	162,982	15.4%
Chips Casino	Kitsap	1,056,232	0	1,056,232	382,355	328,063	322,172	30.5%
Wizards Restaurant	King	1,024,598	25	1,024,573	416,696	381,020	105,133	10.3%
Cleopatra's Cable Bridge Casino	Benton	977,992	0	977,992	426,133	175,268	278,792	28.5%
Cadillac Ranch Casino	Cowlitz	921,935	26,000	895,935	338,646	203,235	237,988	25.8%
Hawks Prairie Casino	Thurston	888,342	0	888,342	390,143	235,711	173,654	19.5%
Freddie's Club Of Fife	Pierce	879,789	2,895	876,894	339,113	409,433	63,639	7.2%
11th Frame Restaurant	Spokane	861,491	0	861,491	254,844	167,539	266,810	31.0%
Players & Spectators	Spokane	844,861	16,850	828,011	223,049	184,534	293,699	34.8%
Crazy Moose Casino	Franklin	823,179	0	823,179	322,111	406,300	12,359	1.5%

**WASHINGTON STATE  
GAMBLING COMMISSION**

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Washington State Council on Problem Gambling  
(800) 547-6133